

Conventional Loan Underwriting Guidelines

NOTE: THE TERM "UNDERWRITING" SHOULD NOT BE CONFUSED WITH TAX, PROGRAM AND POLICY COMPLIANCE REVIEW. ALL LOANS SUBMITTED TO CALHFA FOR PURCHASE MUST INCLUDE ALL DOCUMENTS REQUIRED BY CALHFA HOMEOWNERSHIP PROGRAMS FOR TAX, PROGRAM AND POLICY COMPLIANCE REVIEW

		MANUAL UNDERWRITING	AUTOMATED UNDERWRITING										
For credit underwriting questions contact CalHFA Mortgage Insurance Services at 916-322-8936. Program compliance questions should be directed to the CalHFA Homeownership Division at 916-324-8088.		CalHFA may accept for purchase loans that have been manually underwritten in accordance with the CalHFA Conventional Loan Underwriting Guidelines. Exceptions to minimum credit score and maximum debt-to-income ratio are possible with strong compensating factors on a case-by-case basis. CalHFA may also accept for purchase loans which have received an Approve/Eligible or Approve/Ineligible from Fannie Mae's DU, or an Accept credit risk rating from Freddie Mac's LP. <u>Unacceptable</u> automated approvals include DU Expanded Approvals (EA), enhanced DU "Improved Underwriting" approvals, DU My Community Mortgage (MCM), and LP Affordable Gold Mortgages. Loans underwritten using a Lender's proprietary automated system will be considered for purchase only after the system has been approved by CalHFA. Lenders are required to ensure all loans submitted are documented in accordance with the automated underwriting findings report and underwriters' conditions of approval.											
ELIGIBILITY	Borrower Eligibility	First-time Homebuyer, Income Limits, Sales Price Limits, Meet CalHFA Credit Underwriting Guidelines Refer to the Homeownership section of CalHFA's website at www.calhfa.ca.gov											
	Programs	30-Year Fixed, 40-Year Fixed, 35-Year <i>interest only</i> PLUS SM											
	Loan Purpose	Purchase transactions only											
	Occupancy Type	Owner-occupied primary residences only											
	LTV & CLTV Limits	Maximum LTV - 100%, Maximum CLTV - 107% (90% Maximum CLTV for Manufactured Homes)											
	Minimum Contribution	None Required											
	Homebuyer Education	None Required											
CREDIT	Minimum Credit Score	620 (regardless of automated underwriting findings)											
	Alternative Credit	Permitted. Minimum of four sources with a twelve month satisfactory payment record. One of the sources must be a twelve month Verification of Rent history											
	BK (CH. 7 & 13) / Foreclosure	Minimum 3 years since discharge date / foreclosure sale and evidence of reestablished credit	Loans with prior BK / foreclosure must be manually underwritten										
	Collections	If individual account balance is less than \$250, or the total of all such accounts is \$1000 or less CalHFA does not require that such accounts be paid off at or prior to closing	Determined by automated approval										
	Deferred Student Loans	The deferred payment amount must be included in total debt ratio calculation											
RATIOS & INCOME	Total Debt Ratio (TDR)	45%	55% (regardless of automated underwriting findings)										
	Temporary Buydowns	Temporary buydowns allowed on 30yr & 40yr Fixed Rate loans No buydowns on <i>interest only</i> PLUS LTV > 95% qualify at the note rate LTV < or = 95% qualify at buydown + 1%	Determined by automated approval										
	Non-Occupying Co-Signer	Permitted with LTV < or = 90%. Occupant borrower(s) total debt ratio max 55%.											
	Boarder Income	Not Permitted											
	Part Time / Overtime Income	Permitted with a minimum twelve month history	Determined by automated approval										
PROPERTY	Eligible Property Types	Single Family (no in-law units/granny flats) - 5 acre maximum Condominiums - must meet FNMA Condominium Project Acceptance Policy Planned Unit Developments (PUD) Manufactured Homes - limited to 90% CLTV with 10% down payment from borrower's own funds											
	Appraisals	One of the following appraisal forms is acceptable: Uniform Residential Appraisal Report (URAR) Fannie Mae/Freddie Mac form 2055 (interior / exterior inspection) Form 1004C (Manufactured Home Appraisal Report) Form 1073 (Individual Condominium Unit Appraisal Report)											
FUNDS TO CLOSE	Minimum Down Payment	No minimum down payment required except for manufactured home loans which require 10% from borrower's own funds											
	Cash Reserves	1 month if total debt ratio 45% or less (Gift funds may supplement) 2 months if total debt ratio > 45% (Gift funds may supplement)	Determined by automated approval										
	Gift Funds	Permitted. No Maximum. May be used to supplement cash reserves.											
	Seller Contributions	Contributions by any interested party towards recurring and/or non-recurring closing costs are limited to: 3% of the purchase price if the LTV is > 90% 6% if the LTV is 90% or less Any contribution exceeding these limits requires a downward adjustment to the sales price to reflect the amount that exceeds the limits											
MI	Monthly Mortgage Insurance	Zero Upfront Monthly Mortgage Insurance (ZUMMI) is provided by CalHFA Mortgage Insurance Services and is required on all conventional first mortgage loans with an LTV > 80.00%											
	MI Rates	<table><tr><th>LTV</th><th>PREMIUM</th></tr><tr><td>95.01 - 100%</td><td>0.85%</td></tr><tr><td>90.01 - 95%</td><td>0.75%</td></tr><tr><td>85.01 - 90%</td><td>0.55%</td></tr><tr><td>80.01 - 85%</td><td>0.40%</td></tr></table>		LTV	PREMIUM	95.01 - 100%	0.85%	90.01 - 95%	0.75%	85.01 - 90%	0.55%	80.01 - 85%	0.40%
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Financed Mortgage Insurance	Not available on CalHFA conventional loans												